

## Message Text

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ORIGIN ARA-14

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SSO-00 USIE-00 INRE-00 INR-07 PA-02 PRS-01 SP-02  
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TO AMEMBASSY MANAGUA NIACT IMMEDIATE  
INFO AMEMBASSY SAN JOSE  
AMEMBASSY GUATEMALA  
AMEMBASSY SAN SALVADOR  
AMEMBASSY TEGUCIGALPA

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E.O. 11652: N/A

TAGS: AFIN, EGEN, EINV, NU

SUBJECT: WASHINGTON STAR ARTICLE OF DEC. 9

FOLLOWING IS TEXT OF WASHINGTON STORY OF DECEMBER 9.  
STORY HEADLINED, "DICTATOR RIPS OFF U.S. BUSINESSMEN"  
ACROSS 5 COLUMNS ON PAGE 1.

BEGIN TEXT. J. ROBERT CARLTON, A RICHMOND BUSINESSMAN WHO  
BUILDS INDUSTRIAL PLANTS, THOUGHT HE HAD A FRIEND AND  
BUSINESS PARTNER IN GEN. ANASTASIO SOMOZA DEBAYLE,  
NICARAGUA'S IRON-FISTED DICTATOR.

THAT ASSUMPTION MAY WIND UP COSTING HIM 1 MILLION DOLS.,  
NOT TO MENTION THE BROKEN JAW HE SUFFERED AT THE HANDS OF ONE  
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OF SOMOZA'S BUSINESS ASSOCIATES.

RALPH YARNICK OF JUNO, FLA., SPENT THREE YEARS IN NICARAGUA  
TRYING TO BUILD LOW-COST HOUSING FOR THE VICTIMS OF THE  
1972 MANAGUA EARTHQUAKE. HIS PARTNERSHIP WITH THE GENERAL  
WAS A DISASTER, AND YARNICK FIGURES HE IS AT LEAST  
80,000 DOLS. POORER FOR HIS EXPERIENCE.

BUT THEY ARE LUCKY COMPARED TO ARTHUR CHARITON, A 55-YEAR-  
OLD MIAMI MAN WHOSE BUSINESS VENTURE IN NICARAGUA WENT

SOUR AND LANDED HIM IN A RAT-INFESTED PRISON WHERE HE REMAINS DESPITE EFFORTS TO BRING ABOUT HIS RELEASE.

THESE THREE AMERICAN BUSINESSMEN SHARE A COMMON MISFORTUNE: THEY DID BUSINESS WITH SOMOZA, AS RUTHLESS A BUSINESSMAN AS A DICTATOR, AND THEY LOST MORE THAN THEIR BRITCHES.

SOMOZA HAS ADDED CARLTON'S READY-MIX CONCRETE PLANT, WHAT'S LEFT OF YARNICK'S HOUSING COMPANY AND CHARITON'S TEXTILE FIRM TO THE GROWING LIST OF BUSINESSES HE AND MEMBERS OF HIS FAMILY CONTROL OR OWN.

NOT ALL AMERICAN INVESTORS IN NICARAGUA HAVE MET SUCH A FATE, BUT THE HORROR STORIES TOLD BY CARLTON, YARNICK AND CHARITON ARE ENOUGH TO CHILL THE FOREIGN BUSINESS CLIMATE SOMOZA IS TRYING TO PROMOTE IN HIS IMPOVERISHED CENTRAL AMERICAN COUNTRY.

IN CARLTON'S CASE, HE NEVER SUSPECTED THAT HIS PARTNERSHIP WITH SOMOZA IN BUILDING THE COUNTRY'S ONLY SAND, GRAVEL AND READY-MIX CONCRETE PLANT WOULD END THE WAY IT DID.

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AFTER ALL, HE WAS FIRST APPROACHED ABOUT THE PROJECT IN 1973 BY RAYMOND MOLINA, A CUBAN EXILE AND MYSTERY MAN FROM MIAMI WHO WORKS CLOSELY WITH WILLIAM C. CRAMER, A FORMER CONGRESSMAN FROM FLORIDA AND POLITICALLY CONNECTED WASHINGTON ATTORNEY IN PROMOTING NICARAGUA'S INTERESTS.

CRAMER, AMONG OTHER THINGS, IS GENERAL COUNSEL TO THE REPUBLICAN NATIONAL COMMITTEE. THE WALLS OF HIS LAW OFFICE AT L'ENFANT PLAZA ARE LINED WITH AUTOGRAPHED PICTURES OF HIS LONGTIME PERSONAL FRIEND, FORMER PRESIDENT GERALD FORD.

CRAMER ALSO IS A REGISTERED LOBBYIST FOR THE GOVERNMENT OF NICARAGUA. AS SUCH, HIS MAIN JOB IS TO KEEP U.S. FOREIGN AID POURING INTO A COUNTRY WHERE, SOMOZA CRITICS CHARGE, MUCH OF IT EVENTUALLY WINDS UP IN THE POCKETS OF THE GENERAL AND HIS CRONIES.

BUT HE APPARENTLY HAS OTHER DUTIES THAT JUSTIFY THE MORE THAN 75,000 DOLS. SOMOZA HAS PAID HIM THIS YEAR. HE OCCASIONALLY GETS INVOLVED IN THE GENERAL'S BUSINESS DEALINGS AND, AS CRAMER HAS LEARNED, THAT CAN BE RATHER MESSY.

AFTER MOLINA HAD BROKEN CARLTON'S JAW AND SOMOZA HAD SHATTERED HIS BUSINESS PLANS, IT WAS CRAMER WHO CALLED THE RICHMOND ARCHITECT AND INDUSTRIAL ENGINEER TO ADMINISTER THE COUP DE GRACE: AN OFFER FROM SOMOZA TO BUY CARLTON'S STOCK

IN THE CONCRETE PLANT.

SO FAR, CARLTON HAS REFUSED THE OFFER. IN A RECENT TELEPHONE INTERVIEW, HE SAID HE DOESN'T KNOW HOW THINGS WILL EVENTUALLY WORK OUT, BUT HE EXPECTS TO LOSE MOST OF HIS 1 MILLION DOLS. INVESTMENT IN SOMOZALAND.

"IT HAPPENS IN ALL THOSE COUNTRIES DOWN THERE,' CARLTON  
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SAID, TRYING TO BE PHILOSOPHICAL ABOUT HIS EXPERIENCE.

MOLINA WAS OUT OF THE COUNTRY AND COULD NOT BE REACHED FOR COMMENT, CRAMER NEVER RETURNED TELEPHONE CALLS.

THE FORMER REPUBLICAN CONGRESSMAN'S CONNECTION WITH SOMOZA APPEARS TO GO BACK AT LEAST TO EARLY 1974, A YEAR BEFORE HE FIRST REGISTERED AS A LOBBYIST FOR THE SOMOZA GOVERNMENT.

JUSTICE DEPARTMENT RECORDS SHOW THAT CRAMER REGISTERED APRIL 1, 1975, AS THE WASHINGTON REPRESENTATIVE FOR INSTITUTO DE FOMENTO NACIONAL (INFONAC), NICARAGUA'S INDUSTRIAL DEVELOPMENT BANK. HIS FEE WAS 2,000 DOLS. A MONTH PLUS EXPENSES.

EARLIER THIS YEAR, CRAMER AND MOLINA REGISTERED THE AMERICAN-NICARAGUAN COUNCIL AS A LOBBYING AGENT FOR THE SOMOZA GOVERNMENT. CRAMER WAS LISTED AS SECRETARY OF THE COUNCIL AND MOLINA AS PRESIDENT.

CRAMER'S LOBBYING FEE FOR THE LAST SIX MONTHS OF 1977 WAS LISTED AS 50,000 DOLS.

BUT WHAT WAS CRAMER'S ROLE ON APRIL 10, 1974, WHEN CARLTON MET WITH MOLINA, A BAY OF PIGS VETERAN WHO SPENT TWO YEARS IN A CUBAN JAIL, AND CRAMER IN WASHINGTON TO CONCLUDE THE DEAL FOR BUILDING THE CONCRETE PLANT IN NICARAGUA?

CARLTON WAS RELUCTANT, IN A TELEPHONE INTERVIEW FROM HIS RICHMOND OFFICE, TO DISCUSS CRAMER'S PART.

HOWEVER, MRS. CARLTON TOLD THE ST. PETERSBURG TIMES  
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RECENTLY THAT SHE AND HER HUSBAND HAD UNDERSTOOD THAT THEY WOULD OWN 45 PERCENT OF THE STOCK AND SOMOZA WOULD HAVE 45 PERCENT, WITH THE REST TO BE SHARED BY MANAGEMENT PEOPLE.

BUT THEY LATER LEARNED, SHE TOLD THE NEWSPAPER, THAT THE OWNERSHIP ALSO INCLUDED CRAMER, MOLINA, NOEL PALAIS, PRESIDENT OF INFONAC, WHICH WAS FINANCING THE PROJECT, AND

ROLAND PETERSEN, A FLORIDA BUSINESSMAN LISTED AS A DIRECTOR OF THE AMERICAN-NICARAGUAN COUNCIL.

AFTER THE 12 MILLION DOLS. CONCRETE PLANT WAS FINISHED, ACCORDING TO THE CARLTONS, SOMOZA BEGAN SQUEEZING THEM OUT. IT IS THE SAME STORY TOLD BY YARNICK AND OTHER AMERICAN BUSINESSMEN WHO HAVE DONE BUSINESS WITH THE GENERAL, A WEST POINT GRADUATE WHO SHOWERS PROSPECTIVE INVESTORS WITH EXPENSIVE HOSPITALITY.

IT ALSO IS THE CONCLUSION REACHED BY THE TIMES AFTER A THREE-MONTH INVESTIGATION OF SOMOZA'S BUSINESS DEALINGS: SOMOZA LURES AN INVESTOR DOWN TO ESTABLISH AN INDUSTRY HE IS INTERESTED IN. BUT PUTTING HIS HAND-PICKED MEN IN KEY MANAGEMENT POSITIONS AND CONTROLLING MOST OF THE RAW MATERIALS IN THE COUNTRY, SOMOZA MAKES SURE THE COMPANY CAN'T OPERATE. INFONAC, THE GENERAL'S FINANCING ARM, THEN MOVES IN TO FORECLOSE, AND SOMOZA BUYS THE INDUSTRY FOR A FEW CENTS ON THE DOLLAR.

AFTER IT BECAME CLEAR THAT SOMOZA DID NOT MEAN FOR THE CONCRETE PLANT TO OPERATE PROFITABLY, CARLTON RETURNED TO RICHMOND, BUT NOT UNTIL AFTER MOLINA HAD BROKEN HIS JAW IN A DISPUTE OVER MONEY. HE WAITED FOR SOMOZA'S NEXT MOVE.

IT CAME EARLIER THIS YEAR IN A TELEPHONE CALL FROM CRAMER. UNCLASSIFIED

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CRAMER TOLD CARLTON THE COMPANY'S BOARD OF DIRECTORS, NEARLY ALL SOMOZA MEN, HAD DECIDED TO REORGANIZE THE CORPORATION AND TO ISSUE NEW STOCK TO RAISE THE 2 MILLION DOLS. THEY NEEDED TO GET THE PLANT IN OPERATION. THEY WANTED TO BUY HIS STOCK, WHICH CRAMER TOLD HIM HAD ONLY "NUISANCE VALUE."

CARLTON REFUSED THE OFFER. THE LAST ACT HAS YET TO BE PLAYED.

RALPH YARNICK, PRESIDENT OF MODNETICS INC., LTD., IN JUNO, FLA., DEVELOPED A PATENTED LOW-COST, EARTHQUAKE-RESISTANT MODULAR HOUSE HE WANTED TO BUILD IN NICARAGUA IN THE WAKE OF THE 1972 EARTHQUAKE. SOMOZA LIKED THE IDEA AND FORMED A HOUSING PARTNERSHIP WITH YARNICK.

YARNICK SPENT THE NEXT THREE YEARS TRYING TO GET THE PROJECT OFF THE GROUND, 'BUT IT SOMME BECAME OBVIOUS THAT SOMOZA WASN'T INTERESTED IN BUILDING HOUSES FOR

HIS PEOPLE. HE WANTED TO USE ME AS A FRONT SO HE COULD BRAG ABOUT THE GREAT PROJECT WE WERE INVOLVED IN.'

LAND FOR THE PROJECT WAS PURCHASED, FROM SOMOZA AS IT TURNED OUT, AND THE ROADS THROUGH THE PORPOSED DEVELOPMENT WERE PAVED WITH CONCRETE BLOCKS BOUGHT FROM THE GENERAL'S CONCRETE PLANT, ACCORDING TO YARNICK. BUT NO HOUSES WERE BUILT EXCEPT FOR A MODEL ONE.

YARNICK SAID IN AN INTERVIEW HE HAD BEEN WARNED ABOUT DOING BUSINESS WITH SOMOZA, BUT HE WAS EAGER TO TRY HIS NEW HOUSING CONCEPT. HE LOST 80,000 DOLS.

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"I TOOK A PRETTY GOOD BATH,' HE SAID IN AN INTERVIEW. 'I THOUGHT WE WERE GOOD FRIENDS. I WENT OUT CAMPAIGNING WITH HIM, AND HE FURNISHED US WITH A HOUSE, SERVANTS AND A CHAUFFEURED MERCEDES BENZ. I DIDN'T THINK HE WOULD DO TO ME WHAT HE DID TO OTHERS, BUT I GUESS HE DOES IT TO EVERYBODY.'

THE LAST TIME HE SAW SOMOZA, YARNICK SAID, THE GENERAL OFFERED TO WRITE HIM A LETTER SAYING HIS HOUSING SYSTEM WAS "THE BEST IN THE WORLD, BUT I TOLD HIM I DIDN'T NEED ANY-THING FROM HIM.'

THE CASE OF ARTHUR CHARITON, A MIAMI TEXTILE EXECUTIVE, IS MORE COMPLICATED.

HE BECAME SOMOZA'S PARTNER IN A TEXTILE FIRM IN NICARAGUA. LAST MAY, CHARITON WAS THROWN IN JAIL, CHARGED BY THE GOVERNMENT WITH, AMONG OTHER THINGS, OBTAINING FRAUDULENT LOANS, WRITING BAD CHECKS AND IMPORTING CONTRABAND TEXTILES.

HE HAS DENIED THE CHARGES AND SPENDS HIS TIME THESE DAYS CURSING DOMOZA FROM HIS PRISON CELL WHILE HIS FRIENDS AND RELATIVES IN THIS COUNTRY TRY TO WIN HIS RELEASE.

IAN MACKENZIE, HEAD OF THE NICARAGUAN INFORMATION OFFICE HERE, SAYS THE STORIES OF CARLTON, YARNICK AND CHARITON SHOULD BE EXAMINED CLOSELY. THERE ARE TWO SIDES TO EVERY-THING, HE ADDS.

"THIS IS A NEW AND PHONY CAMPAIGN AGAINST GENERAL SOMOZA, AND IT'S TERRIBLY UNFAIR," HE SAID. "I'M DEEPLY TROUBLED BY THIS CAMPAIGN TO DISCOURAGE AMERICAN BUSINESSMEN FROM GOING TO NICARAGUA." END TEXT. CHRISTOPHER

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## Message Attributes

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